SELF-ASSESSMENT SYSTEM AND CORPORATE TAXPAYER COMPLIANCE
(CASE STUDY AT ONE OF THE TAX OFFICE IN BANDUNG CITY)

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Abstract

Previous research results indicate that there are different behaviors towards taxpayer compliance in various countries that are burdened by the prevailing culture. This research verifies the effect of the self-assessment system on corporate taxpayer compliance. Respondents who participated in this study were 34 respondents. The data analysis test used simple regression analysis with the results showing that there was a significant effect of implementing the self-assessment system on taxpayer compliance with the business. The implication of the research result recommends that excellent service efforts are provided by providing counseling and socialization regarding the procedures for implementing tax administration so that it makes it easier for taxpayers to settle their tax obligations.

Keywords : Taxation System, Self-Assessment System, Taxpayer Compliance.

INTRODUCTION

There are various sources of income in a country, including natural wealth, state company profits, royalties, levies, contributions, duties, excise, fines, and taxes. Taxes are considered a potent fiscal tool for achieving economic, social, and cultural objectives. So the types of taxes related to income, consumption, and wealth were developed, both from individuals and entities/companies, by making improvements to the regulations that were in effect in the previous period. These taxes are then stipulated by law, which states that taxes and other levies that are forcing for state purposes are regulated by law. Besides, the government also really needs taxes to suppress equity and justice in society.

This condition makes the government continue to optimize tax revenue because the tax revenue results will ultimately experience by the community in the form of public services in the way of infrastructure provision, educational facilities, health facilities, security, and others. In the long term, the role of taxation as a source of development costs will be higher. Therefore, taxpayers' participation in fulfilling tax payment obligations is expected to increase tax revenue.

Since 1983, the Directorate General of Taxation has carried out tax reforms with essential improvements, namely a change in the tax collection system from an official assessment system to a self-assessment system. This system change aims to reduce direct contracts between tax officials and taxpayers that were previously feared to lead to illegal practices to avoid or minimize the tax obligations of the taxpayers concerned. The self-assessment system is the backbone for compliance with fulfilling voluntary tax obligations, where taxpayers are responsible for determining their tax obligations and then accurately and on time to pay and report the tax. The tax paid by the taxpayer considers correct until the government can prove it wrong. Consequently, the Directorate General of Taxes is obliged to provide services, supervise, foster, and implement taxation sanctions.

Various studies have carried out to determine how the effect of the application of the tax system in multiple countries, such as research conducted by Nkundabanyanga, Mvura, Nyamuyonjo,

Opiso & Nakabuye (2017) shows that one indicator in taxpayer compliance is transparency in the tax administration system, this study involving 205 respondents in Uganda. Their research shows various changes in behavior regarding tax administration transparency in the more transparent the system, the more obedient the taxpayer will be in carrying out its obligations. Research conducted by Guerra & Harrington (2018) verifies that taxpayers' behavior in 2 countries, Italy and Denmark, shows that the attitude of taxpayers will create positive behavior if it supports by an influential culture of obedience to a country. This result indicates that the taxation system's application needs to do so that it will have an impact on the desired behavior, in this case, taxpayer compliance. The critical role of taxpayer compliance base on one of the state revenue indicators, so careful steps is needed to implement a tax administration system such as a voluntary obligation (self-assessment system) carried out by taxpayers (Jimenez & Iyer, 2016).

Based on the background stated above, the problem can formulate how much influence the self-assessment system has on corporate taxpayer compliance at one of the Primary Tax Office in Bandung City. The purpose and objective of this study are to determine the effect of implementing the self-assessment system on corporate taxpayer compliance.

FRAMEWORK

The self-assessment system

applied in taxation in Indonesia is a taxation system that gives taxpayers confidence to fulfill and carry out their tax obligations and rights (Sidharta, 2017). This system will be useful if the taxpayer has tax awareness, honesty, and discipline in implementing the applicable tax laws and regulations. (Jimenez & Iyer, 2016)

According to Alm (2019), compliance with voluntary taxation obligations is the backbone of the self-assessment system. The taxpayer is responsible for determining his tax obligations and then accurately and on time to pay and report the tax.

The above statement is supported by Slemrod (2019), who reviews how to implement taxpayer compliance and its obstacles. One of the barriers in taxpayer compliance is that in the self-assessment system, the taxpayer community's participation in fulfilling tax obligations is essential and even becomes a determining factor for the success of tax collection. And if the system implemented correctly, it is believed that it will increase voluntary compliance automatically (Mas'ud, Abd Manaf & Saad, 2019)

RESEARCH METHODS

In this study, this verification analysis to determine the effect of the Self Assessment System on Corporate Taxpayer Compliance at one of the Primary Tax Office in Bandung City, which lasts for 4 (four) months. In this study, there are two variables used as research material: variable X as independent (Self Assessment System) and variable Y as a dependent (Corporate Taxpayer Compliance).

The questionnaire used for actual data collection must first test respondents who have the same characteristics as the characteristics of the study population. The trial implies to determine the level of validity and reliability of research measuring instruments to obtain questions/statement items that were appropriate to use as a measuring tool for research data collection.

Data analysis is an activity after data from all respondents, or other data sources have been collected. Activities in data analysis are grouping data based on variables and types of respondents, tabulating data based on variables from all respondents, presenting data for each variable studied, performing calculations to answer problem formulations, and performing calculations to test the hypotheses have proposed. Data analysis simplifies data into a form that is easy to read, understand, and interpret to assess the variable self-assessment system (X) and corporate taxpayer compliance (Y). The data analysis technique used is a simple regression analysis, a method to determine the cause-and-effect relationship between one variable and another, in this case, the self-assessment system and corporate taxpayer compliance.

RESULTS AND DISCUSSION

In this study, the characteristics of respondents based on gender indicate that the percentage of male respondents is more dominant by 60% compared to female respondents by 40%. Based on

age, it knows that the percentage of respondents aged between 20-29 years is 21%, the age between 30-39 years is 40%, the age between 40-49 years is 34%, and the age over 50 is 5%.

Before the data is analyzed further, it is necessary to test the quality of the data using validity and reliability testing. Checking the validity of this study was carried out by correlating the scores of each item question addressed to the respondent with the total score for all items. The validity test was carried out on 30 statements consisting of 15 statements for the self-assessment system (X), and 15 statements regarding the Corporate Taxpayer Compliance (Y). Based on the results of processing, each statement item's correlation coefficient value is more significant than 0.3, so that this result shows that all statement items in self-assessment system variable are declared valid. The correlation coefficient value of each statement item is more significant than 0.3 so that these results indicate that all items statement on the Corporate Taxpayer Compliance variable (Y) is declared valid.

The reliability test used in this study was carried out by measuring the instrument several times which would give similar results, then analyzed using a reliability calculation technique. The minimum value in this study is that a variable is reliable if it gives a Cronbach's Alpha value> 0.7. The results of the calculation of the reliability test on the self-assessment system variable obtained a value of 0.839 and the Corporate Taxpayer Compliance variable (Y) of 0.857.

Based on the results of the calculation, it is known that the relationship between the variable self-assessment system (X) and the compliance of the Corporate Taxpayer (Y) which is calculated using the correlation coefficient is 0.678. This shows that there is a relationship between the variable self-assessment system (X) and the compliance of the Corporate Taxpayer (Y), which can be reliable. The positive direction of the relationship shows that the better the self-assessment system (X) will increase the compliance of the Corporate Taxpayer (Y). Likewise, on the contrary, the worse the self-assessment system (X) will make the compliance of the Corporate Taxpayer (Y) decrease.

In addition, a significant level of the one-sided correlation coefficient of output (measured by probability) results in a number of 0 or less than 0.01. This means that the correlation coefficient between the self-assessment system (X) and corporate taxpayer compliance (Y) is significant at the 1% level.

The results of calculations using statistical tests obtained are $\alpha = 15.827$ and $b = 0.686$. It can see that the regression model between the Self-Assessment System and the Corporate Taxpayer is as follows:

$$Y = 15{,}827 + 0{,}686\ X$$

Based on the equation model above, it knows that the regression coefficient for the Self-assessment system variable is positive at 0.686. This positive regression coefficient indicates that the self-assessment system has a

positive effect on Corporate Taxpayer Compliance. The regression coefficient can interpret every 1 unit increase in the self-assessment system and increase Corporate Taxpayer Compliance. So that Corporate Taxpayer Compliance in registering, compliance to re-deposit SPT, compliance in calculating and paying taxes owed, compliance in payment of arrears following the general tax provisions law.

The study results explain that every taxpayer registers at the Directorate General of Taxes, whose working area includes the residence or domicile of the taxpayer, and given a Taxpayer Identification Number. Especially for entrepreneurs who taxes under the VAT law, they must report their business to confirm as a Taxable Entrepreneur. Obligation to Fill in and Deliver Tax Returns, Obligation to Pay or Deposit Taxes, Obligation to pay or deposit taxes made in the State treasury through the post office or bank or other places of payment as determined by the Minister of Finance, Obligation to Make Books of Records. So it can be said that high or low taxpayer compliance depends on the self-assessment system. This study's results are in line with research conducted by Sidharta (2017), which proves that one of the factors that can encourage taxpayer compliance is the existence of a fair system for taxpayers by testing the slippery slope model developed by Kichler, Hoelzle & Wahl (2008). Likewise, research conducted by Kastlunger, Lozza, Kirchler & Schabmann (2013) and Gobena & Van Dijke (2016) which proves that the taxation system is an impetus for taxpayer compliance with carrying out its obligations as an obligation that must carry out to the state.

CONCLUSIONS

The results showed that the self-assessment system's effect on taxpayer compliance of business entities resulted in a positive influence between the self-assessment system on the compliance of individual taxpayers so that any increase in the self-assessment system would increase by 0.686. So the higher the self-assessment system, the more further improve own taxpayer compliance. However, some factors are not included in this research, such as trust, service to taxpayers, tax law enforcement, tax rates, and others.

To improve taxpayers' existing system, best to carry out counseling and tax consulting services to the public. Providing services and advice on tax procedures and handling tax documents hoped that this could motivate the audience to register with the Tax Office, and the public can understand more about the importance of taxation. Thus, taxpayers feel helped and find it easy to calculate their taxes. Taxpayers are expected to increase awareness of their tax rights and obligations to support government programs that the government will provide feedback to the public. Taxpayers who are not very familiar with tax procedures can ask tax officials or look through print or electronic media to give a more detailed explanation.

Research has limitations which only measure the affective commitment

of employees, while normative commitment and continuous commitment not examined in this study. It expected that in future studies, it could measure normative or continuous commitment which has implications for the performance of the officer.

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